

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ACDA-10 CIAE-00 INR-07 IO-11

L-03 NSAE-00 NSC-05 EB-07 NRC-07 OES-06 DODE-00

ERDA-07 EUR-12 XMB-04 OPIC-06 /096 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3779

USDOC WASHDC

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

UNCLAS MANILA 4780

E.O. 11652: N/A

TAGS: EGEN, EIND, RP, ASEAN

SUBJ: MAJOR PROJECTS: GOP TO PROCEED WITH IRON AND STEEL
PROJECT

REF: (A) MANILA 74 A-281 (B) MANILA 4112

1. DURING THE CURRENT FIVE-DAY (APRIL 5 TO 9) SEMINAR OF THE SOUTHEAST ASIAN IRON AND STEEL INSTITUTE (SEAISI) THE GOP HAS STATED CLEARLY THAT IT INTENDS TO PROCEED WITH ITS OWN INTEGRATED IRON AND STEEL PROJECT. THIS WAS DISCLOSED BY DR. ANTONIO V. ARIZABAL, PHILIPPINE DIRECTOR TO SEASI AND DIRECTOR OF THE GOP METALS INDUSTRY RESEARCH AND DEVELOPMENT CENTER. HIS DISCLOSURE WAS SUPPORTED BY VICENTE T. PATERNO, SECRETARY OF INDUSTRY AND CHAIRMAN OF THE BOARD OF INVESTMENTS, WHO ALSO REITERATED DESIRABILITY OF ASEAN REGIONAL INTEGRATED STEEL PLANT. SEASI IS A REGIONAL ORGANIZATION COMPOSED OF INDONESIA, MALAYSIA, PHILIPPINES, SINGAPORE, TAIWAN AND THAILAND; AND ALSO INCLUDES AUSTRALIA AND JAPAN AS SUPPORTING MEMBER COUNTRIES.

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2. THE GOP IRON AND STEEL PROJECT IS ESTIMATED TO COST

\$1.2 BILLION FOR A 1.5 TO 2 MILLION METRIC TON CAPACITY, OR \$1.7 BILLION FOR 2.5 TO 3 MILLION TONS A YEAR OF SLABS, BLOOMS, BILLETS AND PLATES. IT WILL BE LOCATED IN THE PHIVIDEC INDUSTRIAL ESTATE ALONGSIDE THE KAWASAKI IRON ORE SINTERING PLANT IN VILLANUEVA NEAR CAGAYAN DE ORO, NORTHERN MINDANAO. (REF A). THE KAWASAKI PLANT HAS A CAPACITY OF 5 MILLION TONS A YEAR AND IS SCHEDULED FOR COMPLETION NEXT YEAR.

3. GOP OFFICIALS HAVE BEEN ARGUING THAT A PROJECT WITH A TWO MILLION TON CAPACITY IS COMMERCIALY VIABLE, INCLUDING EXPORTS TO ASEAN COUNTRIES AT INTERNATIONALLY COMPETITIVE PRICES. SECRETARY PATERNO, IN HIS SPEECH AT THE SEASI, STATED THAT ASEAN REGION COULD SUPPORT THREE SUCH BLAST FURNACES, SINCE DEMAND FOR STEEL LAST YEAR IN THE REGION WAS SIX MILLION TONS LAST YEAR AND WILL LIKELY REACH 10.5 MILLION TONS IN 1985.

4. GOP DISCLOSURE OF ITS INTENTIONS EVOKED SIMILAR EXPRESSIONS OF INTEREST IN IRON AND STEEL BY THE INDONESIAN AND MALAYSIAN REPRESENTATIVES AT THE SEASI MEETING. THE INDONESIAN REPRESENTATIVE STATED THAT WITHIN SIX MONTHS THE FIRST INDONESIA BLAST FURNACE WILL PRODUCE 500,000 TONS OF STEEL ANNUALLY. THE MALAYSIAN PLAN TO EXPAND THE MALAYAWATA STEEL PLANT NEAR PENANG FROM 150,000 TO 500,000 TONS A YEAR. IT WILL BE RECALLED THAT THE ASEAN ECONOMIC MINISTERIAL MEETING AT KUALA LUMPUR LAST MONTH SAW SPIRITED COMPETITION AMONG THE PHILIPPINES, INDONESIA AND MALAYSIA FOR AN ASEAN PROJECT IN IRON AND STEEL, AND THE ISSUE WAS TURNED OVER TO A COMMITTEE OF EXPERTS FOR STUDY AND CONSULTATION WHILE DECISIONS WERE MADE FOR ASEAN PROJECTS IN SUPERPHOSPHATES FOR THE PHILIPPINES, AND UREA FOR INDONESIA AND MALAYSIA.

5. AT THE SEASI MEETING PHILIPPINE INDUSTRY OFFICIALS EXPRESSED INTEREST IN US EQUIPMENT AND FINANCING. INTERESTED US ENGINEERING FIRMS AND EQUIPMENT MANUFACTURERS MAY WRITE TO THE NATIONAL STEEL CORPORATION FOR FURTHER INFORMATION --

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Message Attributes

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